



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
MARCH 19, 2004

CONTACT: U.S. ATTORNEY'S OFFICE
MARVIN SMILON, HERBERT HADAD
PUBLIC INFORMATION OFFICE
(212) 637-2600

**U.S. SENTENCES TRAVEL AGENT TO 70 MONTHS IN PRISON
FOR ROOM-BOOKING CREDIT CARD FRAUD SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that NORMAN GOLDSTEIN, the manager of A-1 Hotels International, a hotel reservations business in New York City, was sentenced late yesterday in Manhattan federal court to 70 months in jail on charges of receiving millions of dollars through the unauthorized use of his customers' credit cards. United States District Judge WILLIAM H. PAULEY III also imposed a restitution order of approximately \$775,000.

After a two-week jury trial, in February and March, 2003, NORMAN GOLDSTEIN was found guilty on all counts of a five-count superseding Indictment charging him with credit card fraud.

According to the evidence presented at trial and at sentencing, GOLDSTEIN, through his business A-1 Hotels International, which was also known as The Room Exchange, defrauded his customers by promising to book hotel rooms for them at discount rates so long as his customers paid up front for the

rooms. However, even after charging his customers' credit cards and sending them vouchers and confirmation slips indicating their rooms had been reserved and paid for, GOLDSTEIN did not book rooms for hundreds of his customers and instead pocketed their money, it was charged. When many of his customers arrived at their destinations, hotel employees told them that their rooms were not paid for, and the customers had no choice but to pay for their rooms again. Customers tried to get GOLDSTEIN to voluntarily refund their money, and GOLDSTEIN often promised to do so, yet he repeatedly did not actually process the promised credits, trial evidence revealed. As a result, hundreds of his customers had to resort to disputing GOLDSTEIN'S charges through their credit card companies in order to get their money back.

The evidence at trial also showed that GOLDSTEIN used fake names such as Jack Kay and Mike Beer, rather than his own, when selling hotel room reservations to customers over the telephone. He also occasionally pretended to be two different people when dealing with the same customers in order to mislead these customers into believing that their complaints were being fairly resolved. For example, one customer testified at trial that after she arrived at her hotel in France that she had booked through "Jack Kay" at A-1 Hotels, and after learning from the hotel that she had no reservation, the customer was forced to find accommodations at another hotel. When she returned to the United States, she called "Jack Kay" at A-1 Hotels in order to

get a refund. Jack Kay promised her a refund, yet she never received it. The customer eventually asked to speak to a manager regarding the refund. A man who called himself "Peter Dempsey" answered the telephone and told her that she would receive her refund shortly. She never did. The evidence at trial showed that "Peter Dempsey," like "Jack Kay," was really GOLDSTEIN.

The evidence at trial also showed that another customer used A-1 Hotels to book hotel rooms for her friends and family who were attending her wedding. She told "Jack Kay" about her plans and he assured her that he would take care of the arrangements. When her friends and family arrived at the hotel, they were told that they had reservations, but the rooms had not been paid for, even though A-1 Hotels had charged their credit cards for the rooms months in advance. The customer described her experience as a "nightmare." She spent more than six months trying to get a refund from GOLDSTEIN for her friends and family, some of whom were not able to dispute the charges through their credit card company, but GOLDSTEIN never issued the credits.

The evidence at trial and sentencing showed that between November 1998 and May 2000, GOLDSTEIN made more than \$3 million of credit card charges which his customers successfully disputed. When a customer successfully disputed a charge, GOLDSTEIN was forced to pay back the customer through his A-1

Hotels merchant account. When his account had no funds, his merchant bank, Sterling National Bank, was forced to pay back the customer. In this manner, GOLDSTEIN cost Sterling National Bank to lose approximately \$775,000, all due to GOLDSTEIN's fraudulent credit card charges.

GOLDSTEIN, 47, lives in Queens, New York.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation in this case.

Mr. KELLEY stated: "This case sends an important message to anyone who uses the guise of a legitimate business to abuse customers' credit card accounts. Your credit card machine does not give you the right to take your customers' money without providing the goods or services promised to those customers. If you do, you will be prosecuted and punished to the full extent allowed by the law."

Assistant United States Attorneys HARRY SANDICK and LISA HORWITZ are in charge of the prosecution.

04-58

###